

Office of the Inspector General

Fiscal Year 2000 Annual Audit Plan



October 1999



Office of the Inspector General

Social Security Administration

Fiscal Year 2000 Annual Audit Plan

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Office of the Inspector General

The Office of the Inspector General (OIG), authorized by the Inspector General Act and the Social Security Independence and Program Improvements Act of 1994, created independent audit and investigative units.¹

OIG Mission

We improve the Social Security Administration's (SSA)² programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

OIG Authority

- Conduct and supervise independent and objective audits and investigations relating SSA's programs and operations.
- Promote economy, effectiveness, and efficiency within SSA.
- Prevent and detect fraud, waste, and abuse in SSA's programs and operations.

¹ The OIG is comprised of the Offices of Audit (OA), Investigations (OI), Counsel to the Inspector General (OCIG), Management Services (OMS), and External Affairs (OEA).

² Throughout the Annual Audit Plan, the Social Security Administration will be referred to as SSA.

OIG Mission

OIG Authority

FY 2000 Staffing and Budget

OIG Authority (cont.)

- Review and make recommendations regarding existing and proposed legislation and regulations relating to Agency programs and operations.
- Keep SSA's Commissioner and the Congress fully and currently informed of problems in SSA's programs and operations.
- To ensure objectivity, the Inspector General Act empowers the OIG with:
 - Independence to determine what reviews to perform.
 - Access to all information necessary for the reviews.
 - Authority to publish findings and recommendations based on the reviews.

FY 2000 SSA/OIG Staffing and Budget

Total Staff: 536 (includes OA, OI, OCIG, OMS, and OEA)

Administrative Budget: \$66 million

Office of Audit

OA conducts comprehensive audits and evaluations of SSA's programs and operations. Our audits determine whether the objectives of SSA's programs are being achieved and identify which programs or activities need to be performed more efficiently.

OA also conducts short-term management and program evaluations that focus on issues of concern to SSA, the Congress, and the public. These evaluations provide timely, useful, and reliable information and advice to decision-makers. Their findings and recommendations generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of SSA programs. The evaluations result in improvements in the quality of service provided to clients, and the laws and regulations governing the programs.

Types of Studies

Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles and the entity has complied with laws and regulations that may have a material effect on the financial statements.

Types of Studies
Development of Annual Audit Plan
Office of Audit Issue Areas

Financial-related audits determine whether financial information is presented in accordance with established or stated criteria, the entity has adhered to specific financial compliance requirements, or the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve control objectives.

Economy and efficiency audits/evaluations determine whether the entity is acquiring, protecting, and using its resources economically and efficiently, the causes of inefficiencies, and whether the entity has complied with laws and regulations on matters of economy and efficiency.

Program audits/evaluations determine the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved, the effectiveness of organizations, programs, activities, or functions, and whether the entity has complied with significant laws and regulations applicable to the program.

Development of Annual Audit Plan

Our Annual Audit Plan (Plan) identifies trends, vulnerabilities, and special problems within SSA's programs and operations. In preparing the Plan, we prioritized reviews focused on SSA's programs and activities most vulnerable to fraud and abuse and considered the following: (1) audit and review requirements established by law; (2) statutory and regulatory requirements; (3) current and potential dollar magnitude; (4) adequacy of internal control systems; (5) newness, changed conditions, or sensitivity of the program; (6) extent of Federal participation in terms of resources or regulatory authority; (7) management needs to be met; (8) timeliness, reliability, and scope of audits or evaluations performed by others; and (9) congressional requests.

To further develop Plan items and conduct audits/evaluations, we coordinate closely with OI and OCIG to identify, refer, and support each other's work. We also obtain ideas and suggestions from a variety of sources, including:

- prior audits and inspections by OIG, the General Accounting Office (GAO), and certified public accounting firms;
- legislatively mandated audits;
- Office of Management and Budget (OMB) requests and initiatives;
- discussions/meetings with SSA management and staff;

- congressional inquiries and hearings;
- results of Federal Managers' Financial Integrity Act reviews;
- press and media coverage; and
- beneficiary inquiries.

We solicited suggestions from SSA's Deputy Commissioners to ensure our Plan appropriately addresses all areas vulnerable to fraud and abuse or would assist SSA in achieving its key service delivery goals. We received many important and relevant suggestions for inclusion in our Plan. We have incorporated many of those suggestions into this document as planned audits/evaluations, and those not included at this time will be addressed as we add staff and as scheduling permits.

The Plan is a fundamental tool for communicating our audit priorities to SSA, Congress, OMB, and other interested parties. Many of the activities described in the Plan address the fundamental goals related to SSA's mission to administer the Social Security programs effectively and efficiently.

Office of Audit Issue Areas

OA focuses on issue areas organized around SSA's core business processes and major goals. Additional issue areas include financial management, general management, systems, and payment accuracy. (See Tabs A through O for Fiscal Year [FY] 2000 planned OA audits and evaluations.)

Disability— Disability Insurance/Supplemental Security Income

The Disability Insurance (DI) program was established in 1956 under the Retirement, Survivors and Disability Insurance provisions of the Social Security Act. The program was designed to provide benefits to wage earners and their families in the event the wage earner becomes disabled. In 1972, the Congress enacted the Supplemental Security Income (SSI) program (Public Law 92-603), providing income to financially needy individuals who are aged, blind or disabled. In 1998, SSA paid about \$47.7 billion in DI benefits to about 6.3 million disabled workers and their dependents. Under the SSI program, SSA paid about 6.6 million aged, blind, and disabled recipients approximately \$27.4 billion in SSI payments.

Disability Determination Services— Service Operations

Disability determinations under SSA's DI and SSI programs are performed by each State's Disability Determination Services (DDS) in accordance with Federal regulations. DDSs determine whether claimants' disabilities meet eligibility guidelines and ensure there is adequate supporting documentation. DDSs are authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources. SSA pays DDSs for 100 percent of allowable expenditures. In FY 1997, DDSs spent about \$1.3 billion to process 3.8 million disability claims.

Earnings

SSA establishes and maintains a record of an individual's wages and/or self-employment income to determine entitlement to benefits and to calculate benefit payment amounts. Through Calendar Year 1995, SSA maintained over 375.2 million earnings records, containing \$42.6 trillion in total wages/self-employment income. SSA's maintenance workload on these records is expected to increase because of the Omnibus Budget Reconciliation Act (1989). The Act mandated that, by October 1, 1999, account statements would be issued to everyone age 25 and over who has a Social Security number (SSN) and who has wages or net earnings from self-employment.

Enumeration

Enumeration is the process by which SSA assigns SSNs to identify workers and beneficiaries, issues corrected and replacement cards to people with existing numbers, and verifies SSNs for employers and other Federal agencies. An SSN is obtained by submitting an application (SS-5) and documentary evidence of age, identity, and U.S. citizenship or legal alien status to SSA. While most individuals visit field offices to submit essential documentation in person, they may request an SSN application by telephone. In such instances, the applicants must submit a completed and signed application with appropriate documentation by mail. SSA also assigns SSNs and issues Social Security cards for many newborns through the Enumeration at Birth program. In this program, parents of newborns can elect to apply for the child's SSN as part of the birth registration process through the State without completing a separate SSN application. In FY 1996, SSA processed 15.9 million requests for new or replacement cards. Of all SSN requests, about 34 percent were for original SSN cards, and 66 percent were for replacement cards. About 3.5 percent of SSA's administrative resources are expended on enumeration activities.

SSA's approach for improving the enumeration process focuses on increasing its ability to handle requests for SSNs in one contact, reducing the need for people to apply for SSNs in person, and improving service for the particular service groups. Key SSA initiatives that impact enumeration are

combating fraud, electronic service delivery, employment eligibility verification pilot project, improving security of the work environment, improving telephone service, interactive video training, IWS/LAN, policy process redesign, preparing for the Year 2000, and team operating environment.

Financial Management

SSA must report annually to the Congress on its financial status and other information needed to fairly present the Agency's financial position and results of operations. The vehicle through which SSA meets this requirement is its annual Accountability Report, which consists of an overview of SSA; the principal financial statements; supplemental financial and management information, for example, performance measures and Federal Managers' Financial Integrity Act initiatives; and the OIG report on SSA's annual financial statements. The Report's focus is to oversee and audit financial management issues that affect SSA.

OA also audits the administrative costs claimed by State agencies that perform the DDS function. Also, as requested by SSA's Office of Acquisitions and Grants, OA audits costs claimed by States and companies that have contracts with SSA.

Fraud Liaison

During FY 1999, OA and OI began a cooperative effort to improve information sharing. This function emerged in response to renewed emphasis on preventing, detecting, and deterring fraud within SSA programs and operations. To accomplish this goal, OA and OI designated representatives to facilitate the exchange of audit, evaluation, and investigative information.

OA created a Fraud Liaison function within the General Management Audit Division. The Liaison function promotes a seamless process for the effective use of OA and OI resources to address fraud, waste, and abuse in SSA programs and operations. *(Work for this area is not planned, but is flexible to meet emerging issues in the year.)*

General Management

SSA has made a commitment to its 65,000 employees to help them meet the challenges brought about by streamlining, additional statutory responsibilities, and increasing workloads. To provide world-class service, SSA must have a flexible, well-trained workforce that can perform in a technologically advanced and productive environment. These changes require that SSA administer, manage, and support its workforce efficiently as SSA modifies the way it does business. SSA has adopted a business strategy that will help accomplish these changes and make a strong commitment to the integrity and professional standards of the workforce, enabling them to more effectively

deliver services and meet customer needs.

Office of Hearings and Appeals

SSA's Office of Hearings and Appeals (OHA) conducts hearings when an applicant for SSA-administered benefits or an individual already receiving benefits is determined to be ineligible for those benefits and appeals that decision. Various SSA components and DDSs play a role in determining benefit eligibility for SSA programs. OA planned audits and evaluations demonstrate our commitment to ensuring that claimant and beneficiary appeal cases are processed accurately and efficiently and are cost-effective.

Payment Accuracy Task Force

The Payment Accuracy Task Force was created through the cooperative efforts of SSA and the OIG to improve the accuracy of payments for SSA's Old-Age, Survivors and Disability Insurance and SSI programs. An Associate Commissioner-level Steering Committee guides and supports this initiative. The Committee selects the area to be addressed and charters a multi-disciplinary team for 120 days. Lead by OA, the issue team develops Agency-wide recommendations for policy, program, and operational payment accuracy improvements.

Performance Monitoring

There has been an increasing demand from the Administration, Congress, and the public for all Federal agencies to measure performance in implementing programs and core business processes. In August 1993, Congress passed and the President signed the Government Performance and Results Act (GPRA). GPRA calls for all Federal agencies to set strategic and performance goals, measure performance against these goals, and report publicly on their performance through the development of 5-year strategic plans, annual performance plans, and annual performance reports. Additionally, President Clinton issued Executive Order 12862, *Setting Customer Service Standards*, in September 1993. This Executive Order calls for each Federal agency to identify its customers' needs and service expectations, establish service delivery standards, and measure and benchmark results against the "best in business."

To implement these two initiatives, SSA has developed a strategic plan and annual performance plans in response. The strategic plan establishes the Agency's mission and strategic objectives. The performance plans set annual performance goals that help SSA fulfill its mission. SSA's ability to reach its annual goals will be reported through annual performance reports. In response to Executive Order 12862, SSA developed a *Customer Service Pledge*. The Pledge informs customers of the level of service they can expect from SSA. *(GPRA-related work is primarily conducted by this Issue Team;*

however, other issue teams may have some GPRA assignments.)

Quick Response

As the OIG grows, OA foresees an increase in the number of requests for information it receives from various entities. To address this emerging need, OA created the "Quick Response" function within the General Management Audit Division. Its focus will be to conduct short-duration, time-sensitive projects that address requests from Congress and senior SSA management. *(Work for this area is not planned, but rather flexible to meet emerging issues throughout the year.)*

Retirement and Survivors Insurance

The Retirement and Survivors Insurance program provides monthly benefits to retired workers and their dependents and to survivors of insured workers. Benefits are paid as a matter of earned right to workers who gain insured status and to their eligible spouses and children. Retirement benefits were provided by the original Social Security Act of 1935. Amendments to the Act in 1939 provided benefits for dependents and survivors. During FY 1998, SSA paid \$324.3 billion in retirement and survivors benefits to 37.9 million beneficiaries.

OA reviews will focus on program compliance and implementation issues, adequacy and equity of current entitlement criteria, and voluntary reporting of events by beneficiaries that affect their initial eligibility for or continuing entitlement to benefits.

SSA Operations— Service Delivery

The Office of Operations provides support to a nationwide delivery network of regional offices, area offices, field offices, teleservice centers (TSC), and program service centers (PSC). SSA's 10 regional offices are responsible for implementing the national operation and management plans established for providing Social Security services to the public. The regional offices can issue supplemental regional operating policies and procedures to aid in implementing the various SSA programs through their individual region-wide networks. In addition to management responsibilities for providing "world class" service delivery, each regional office has oversight responsibility to evaluate individual office performance and effectiveness in accomplishing established program objectives.

Service delivery through SSA's regional network of field offices, PSCs, TSCs and, externally, through authorized third parties and Foreign Service posts is the cornerstone of all Agency planning activities. However, SSA's ability to service its customers falls under continual scrutiny. SSA has responded by redirecting human and material resources to field offices, emphasizing the use of third parties, and improving existing services. However, even with these recent efforts, criticism continues. The criticism centers on whether SSA's short-term progress toward increasing the timeliness of field office operations and attaining other program measures is at the expense of the quality of the service provided.

Supplemental Security Income— Nondisability

The SSI program is a cash assistance program funded and administered by the Government from general tax revenues. Under the program, payments are made to financially needy individuals who are aged, blind, or disabled. In FY 1998, SSA paid about 1.4 million aged recipients about \$4 billion in SSI benefits.

In 1997, GAO designated the SSI program a high-risk area because it allegedly had been adversely affected by internal control weaknesses, complex policies, and insufficient management attention. The OIG is aware of the difficulties and is working with SSA to address the vulnerabilities in the SSI program.

Systems

SSA's quality of service directly relates to the quality of its automated processing systems. SSA is faced with increases in operational workloads over the next several years due to the demographic changes in our Nation's population. To meet future demands, SSA is relying on technological changes. SSA's challenge is to give the public the service it expects during a period of increasing demands for service without corresponding increases in staff. To meet this challenge, SSA must increase its reliance on automated systems. The sensitivity of the data maintained and the magnitude of funds expended make the integrity, privacy, and availability of automated systems and their environments critical to the accomplishment of SSA's mission.



Tab A
Disability – Disability
Insurance/Supplemental Security
Income

Controls Over Presumptive Disability Payments

Issue Team: Disability

Planned Start: Committed FY 2000

Objective: To determine the adequacy of SSA's policies, procedures and management controls over presumptive disability decisions.

Background: SSA may pay benefits to, or on behalf of, an individual on the basis of presumptive disability or presumptive blindness before a formal finding of disability or blindness has been made. The presumptive disability/presumptive blindness payment provision applies to needy individuals applying for Supplemental Security Income (SSI) payments under title XVI only. (Title II of the Act does not provide for presumptive disability/presumptive blindness findings or payments). Eligible individuals may receive up to 6 monthly payments before the final determination if they are determined to be presumptively disabled or presumptively blind, and they meet all other eligibility requirements for SSI benefits, that is, income and resource criteria. These payments will not be considered overpayments if SSA later finds that the person was not disabled or blind. The finding of presumptive disability or blindness may be made if the evidence available at the time of presumptive disability or finding reflects a high degree of probability that the person is disabled or blind. The regulations describe certain impairments that may result in a finding of presumptive disability without medical or other evidence. Claims representatives (CRs) in SSA's field offices may make a decision of presumptive disability in cases involving those impairments. In certain other cases, CRs may make a decision of presumptive disability, but only with confirming evidence. Also, DDS personnel have the authority to initiate presumptive disability benefits for other impairments if they believe there is a high degree of probability that a favorable decision will be rendered.

Implementation of Drug Addiction and Alcoholism Provisions

Issue Team: Disability

Planned Start: Committed FY 2000

Objective: To determine whether SSA properly terminated payments to beneficiaries for whom drug addiction and/or alcoholism (DAA) was a contributing factor material to the finding of disability.

Background: The Contract With America Advancement Act of 1996 (Public Law 104-121) requires that, by January 1, 1997, SSA conduct medical redeterminations for beneficiaries for whom DAA was material to the finding of disability and who timely appealed their termination based on DAA. Of the 209,000 beneficiaries SSA notified, about 125,000 had their benefits terminated. Of those SSA notified and redetermined, SSA reported that about 79,000 persons had other disabling impairments and continue to receive benefits. As a result of this legislation and its implementation, no individuals should be receiving disability benefits if DAA is the primary diagnosis. However, an audit of SSA's financial statements found that some individuals who listed as DAA as their primary diagnosis code were still receiving benefits.

Reliability of Diagnosis Codes Contained in SSA's Data Bases

Issue Team: Disability

Planned Start: Committed FY 2000

Objective: To determine whether diagnosis codes recorded in the Master Beneficiary Record and the Supplemental Security Income Record are reliable.

Background: The diagnosis code is an integral part of each disabled individual's permanent record. This code is used to indicate the primary disabling condition allowing an individual to receive benefits. SSA uses this code, along with other fields, for a variety of purposes, such as determining the frequency of continuing disability reviews (CDR). For example, a diagnosis of a bad back may be scheduled for a CDR more frequently than a diagnosis of kidney failure. SSA managers also use the diagnosis code to identify particular populations that may require additional scrutiny as a result of new legislation. For instance, when Congress changed the way maladaptive behaviors in children are evaluated and required disability determinations of claims allowed on the basis of such behaviors, SSA identified affected individuals, in part, through the use of the diagnosis code. As such, the diagnosis codes must be accurate and reliable.

Suspension of Benefits to Fugitives

Issue Team: Disability

Planned Start: Committed FY 2000

Objective: To determine whether SSA has adequate procedures to identify fugitives receiving Supplemental Security Income (SSI) payments.

Background: The Social Security Act (Act) specifically prohibits SSI payments to fugitives. In this regard, section 1611(e)(5) of the Act was amended to prohibit SSI benefit payments for any month during which an individual is: (1) fleeing to avoid prosecution for a crime that is a felony; (2) fleeing to avoid custody or confinement after conviction for a crime that is a felony; or (3) violating a condition of probation or parole imposed under Federal or State law.

The changes made to the SSI program regarding the suspension of payments to individuals who flee to avoid prosecution, custody, or confinement after conviction have not been specifically adopted for title II benefits. However, section 202(x)(1) of the Act prohibits the payment of Old-Age, Survivors and Disability Insurance (OASDI) benefits to prisoners. Under the OASDI program, SSA considers individuals to be prisoners until they are released from prison. Fugitives who have escaped from prison or failed to appear for sentencing are still considered prisoners and prohibited from receiving OASDI benefits.

Prior audit work found that computerized fugitive data files exist that are not currently provided to SSA and could be used to suspend payments to OASDI and SSI recipients



Tab B

Disability Determination Services- Service Operations

Disability Determination Services Use of Sanctioned Medical Providers

Issue Team: Disability Determination Services

Planned Start: Committed FY 2000

Objective: To determine whether Disability Determination Services (DDS) have procedures in place to prevent sanctioned medical providers from being used in SSA's disability programs.

Background: The Cumulative Sanction Report (CSR) and monthly updates are located on the Department of Health and Human Services, Office of Inspector General, World Wide Web site. The CSR contains names of physicians and health care providers whose services have been suspended for improprieties in the field of health care provided by other agencies, such as Medicare and Medicaid.

Sanctioned medical providers are not permitted to perform consultative examinations for SSA's disability programs. Accordingly, DDSs are responsible for routinely accessing the CSR via the World Wide Web or obtaining the information from SSA and using the CSR information to remove sanctioned medical providers from the DDS consultative examination vendor listings.

Medical Evidence of Record Collection Process at State Disability Determination Services

Issue Team: Disability Determination Services

Planned Start: Committed FY 2000

Objective: To review the medical evidence of record (MER) collection process at State Disability Determination Services (DDS) and assess the impact of untimely MER or non-receipt of MER on claims processing.

Background: The DDS is responsible for obtaining and reviewing the MER from a claimant's medical sources to determine whether the claimant is disabled. The MER includes, but is not limited to, copies of laboratory reports, prescriptions, x-rays, ancillary tests, operative and pathology reports, consultative reports, and other technical information used in assessing the patient's health condition.

According to SSA's Program Operations Manual System (POMS) DI 22505.001B.5., DDSs should make every reasonable effort to obtain the MER from claimants' treating sources. POMS defines every reasonable effort as: (1) making an initial request for MER from the treating source; (2) making a follow-up request any time between 10 and 20 calendar days after the initial request if the MER has not been received; and (3) allowing a minimum of 10 calendar days from the follow-up request for the treating source to respond.

If the DDS does not receive the MER within 10 calendar days of the follow-up request, it can purchase a consultative examination, an expensive and time-consuming process.



Tab C
Earnings

Case Study of Individual "Problem" Employer(s)

Issue Team: Earnings

Planned Start: Committed FY 2000

Objective: To determine progress and obstacles in reducing the growth of the Earnings Suspense File.

Background: We performed a review of the 100 employers with the most suspended wage items (W-2s) over the 4-year period 1993-1996 (A-03-98-31009). Eighty-four of these employers experienced increases in the number of suspended W-2s for their employees, including 28 with at least a 100-percent increase. Most of these employers also exhibited patterns of wage reporting irregularities, such as reporting large amounts of Social Security numbers (SSN) that SSA has never issued or reporting the same address for many of their employees.

This review is a follow-on to our earlier work and will be an in-depth case study of a selected problem employer. We will choose the employer(s) based on such criteria as significant growth in suspended W-2s, high percentage/number of unissued SSNs, SSNs that are consecutively numbered, high percentage/number of employees with suspended wages reportedly living at the same addresses, and so forth. We will identify the specific cause(s) of the wage reporting errors and irregularities and steps the employer has taken to reduce their occurrence.

Force Processing Magnetic Media Wage Reports with Validation Problems

Issue Team: Earnings

Planned Start: Committed FY 2000

Objective: To determine whether (1) SSA's controls ensure an employer is permitted to "force process" its wage report one time only and whether SSA is enforcing this procedure; (2) SSA's controls to ensure employers do not resubmit their wage reports on paper are implemented; (3) employers whose wage reports were "force processed" for one tax year used the Enumeration Verification System (EVS) the following year; and (4) SSA requests the Internal Revenue Service assess penalties on employers who continue to submit wage reports with incorrect names/Social Security numbers (SSN) or who resubmit them on paper.

Background: Social Security benefits are based on an individual's earnings as reported to SSA annually. Employers who have 250 or more employees are required to submit their annual wage reports (AWR) on magnetic media. For Tax Year (TY) 1995 and prior, SSA would accept AWRs if as few as 10 percent of the W-2s matched the NUMIDENT. Based on that criteria, SSA returned about 11,500 submittals to employers for correction and resubmission for TY 1994. SSA raised the acceptance threshold to 30 percent in 1996, then to 50 percent or a numeric cap of 5,000 incorrect W-2s in 1997. SSA may increase the acceptance threshold further in the future.

Concurrent with increasing the acceptance threshold in TY 1996, SSA began force processing magnetic media wage reports with validation problems. That is, when SSA rejects a magnetic media wage report for not meeting the validation threshold, the submitter can call SSA to certify that it cannot be corrected. SSA will then "force process" the report. However, SSA is supposed to notify the employer that (1) "force processing" is permitted one time only; (2) the employer cannot resubmit wage reports on paper and is subject to penalties for noncompliance; and (3) the employer should use the EVS for the next tax year to avoid SSN validation problems.



Tab D
Enumeration

Fraudulent Use of Social Security Numbers Within the Agriculture Industry

Issue Team: Enumeration

Planned Start: Committed FY 2000

Objective: To assess the vulnerabilities for misuse of Social Security Numbers (SSN) in SSA's enumeration process by employers and/or employees in the agriculture (poultry) industry.

Background: Many employers file annual employee wage reports showing workers' names and SSNs that do not match SSA's records. Wages for these employees are posted to SSA's Earnings Suspense File (ESF). Poor reporting practices by employers account for the majority of wage items transferred to SSA's ESF. Nevertheless, we believe that, within certain industries, the frequency of erroneous or incorrect reporting of employees' names/SSNs may indicate fraudulent SSN use. Employers may intentionally provide incorrect SSNs when reporting earnings because the employees are not legally in this country or unauthorized to work.

SSA posts about 5 million irreconcilable name and SSN wage items to the ESF each year. According to SSA, wage reports submitted by the following five industries represent 52 percent of the items in suspense: agriculture (17 percent); services (16 percent); bars/restaurants (13 percent); special trade contractors (4 percent); and food services (2 percent).

SSA Procedures for Verifying Evidentiary Documents Presented with Original Social Security Number Applications

Issue Team: Enumeration

Planned Start: Committed FY 2000

Objective: To determine whether SSA procedures for examining evidentiary documents are sufficient to ensure proper issuance of original Social Security numbers (SSN) and SSA personnel are complying with existing procedures.

Background: Prior reviews by SSA and Office of the Inspector General (OIG) have disclosed numerous instances in which multiple Social Security cards were mailed to the same address. Although there may be legitimate reasons for these occurrences, it is possible that the locations are being used as mail drops for individuals improperly obtaining SSNs. The Office of Investigations (OI) has identified instances in which a common address has been used in such a manner. During one investigation, OI determined that SSA personnel who processed SSN applications had not sufficiently verified the evidence that the individuals presented to support SSN requests. Since we believed that preliminary results related to SSN fraud warranted the immediate attention of SSA management, OIG issued a Management Advisory Report to SSA in May 1999.



Tab E
Financial Management

SSA's Accounting for OIG's Office of Investigation-Related Recoveries

Issue Team: Financial Management

Planned Start: Committed FY 2000

Objective: To evaluate SSA's policies and procedures regarding the recording, tracking, and spending of obligations by Disability Determination Services authorized by SSA.

Background: Department of Labor, Health and Human Services, and Education, and related Agencies Appropriation Bill for 1999 (House Resolution No. 105-635) includes changes to OIG's Semiannual Reports to Congress. As proposed in this bill, the Office of Investigations will have to report the dollar amount of receivables, collections and amounts offset or written off that resulted from its actions and investigations.

SSA's Fiscal Year 1999 Financial Statements and Related Management Letter

Issue Team: Financial Management

Planned Start: Committed FY 2000

Objective: To render an opinion on the fair presentation of SSA's Fiscal Year (FY) 1999 financial statements, to review the internal control structure, and report any weaknesses that may materially affect the financial statements taken as a whole. Also, to bring to SSA management's attention those items that do not materially impact the financial statements but warrant management's action.

Background: The Chief Financial Officers Act of 1990 requires that agencies annually prepare audited financial statements. Each agency's Inspector General is responsible for auditing these financial statements to determine if they provide a fair representation of the entity's financial position. This annual audit also includes an assessment of the Agency's internal control structure and its compliance with laws and regulations. The audit work to support this opinion of SSA's financial statement will be performed by an independent contractor. The Office of the Inspector General (OIG) will monitor the contract to ensure reliability of the contractor's work to meet our statutory requirements for auditing the Agency's financial statements.

The OIG's annual audit of SSA's financial statements sometimes identifies conditions that do not have a material impact on the financial statements. As such, the Management Letter is OIG's vehicle for communicating such matters to SSA management. For FY 1999, an independent public accounting firm will perform the fieldwork for the financial statement audit and any related Management Letter. The OIG will monitor the contract to ensure that all relevant issues are brought to management's attention.

State Disability Determination Services Administrative Costs for Washington, D.C.

Issue Team: Financial Management

Planned Start: Committed FY 2000

Objective: To review the State's Disability Determination Services (DDS) administrative costs to: (1) determine whether costs claimed on the SSA financial reports (State Agency Report of Obligations for SSA Disability Programs Form SSA-4513) are allowable and properly allocated; (2) determine whether the total Federal funds drawn down agreed with total expenditures for the Fiscal Year's (FY) disability determinations; and (3) evaluate internal controls over the accounting and reporting of the administrative costs claimed as well as of the draw down of Federal funds.

Background: The Disability Insurance (DI) program, established in 1956 under title II of the Social Security Act (Act), provides benefits to wage earners and their families in the event the wage earner becomes disabled. In 1972, the Congress established the Supplemental Security Income (SSI) program (Public Law 92-603) under title XVI of the Act. SSI is a means-tested program providing cash assistance to financially needy individuals who are aged, blind, or disabled.

Disability determinations under both DI and SSI are performed by an agency in each State in accordance with Federal regulations. Each State agency is responsible for determining the claimants' disabilities and ensuring that adequate evidence is available to support its determinations.

Washington D.C. received \$11 million for disability determinations from FY 1995 to FY 1997.

Status of Implementation of SSA's Fiscal Year 1998 Management Letter

Issue Team: Financial Management

Planned Start: Committed FY 2000

Objective: To examine the status of implementation of recommendations in the SSA's Fiscal Year 1998 financial statements.

Background: The Chief Financial Officers Act of 1990 requires that agencies annually prepare audited financial statements. Each agency's Inspector General is responsible for auditing these financial statements to determine whether they provide a fair representation of the entity's financial position. This annual audit also includes an assessment of the Agency's internal control structure and its compliance with laws and regulations. The audit work to support this opinion of SSA's financial statement will be performed by an independent contractor. The Office of the Inspector General (OIG) will monitor the contract to ensure reliability of the contractor's work to meet our statutory requirements for auditing the Agency's financial statements.

The OIG's annual audit of SSA's financial statements sometimes identifies conditions that do not have a material impact on the financial statements. As such, the Management Letter is OIG's vehicle for communicating such matters to SSA management. For FY 1998, the fieldwork for the financial statement audit and any related management letter reporting will be performed by an independent certified public accounting firm. The OIG will monitor the contract to ensure that all relevant issues are brought to management's attention.



Tab F
General Management

Assessing SSA's Field Offices' Fraud Activities

Issue Team: General Management

Planned Start: Committed FY 2000

Objective: To assess the SSA field offices' activities regarding the prevention, detection and reporting of fraud.

Background: SSA has made a commitment for zero tolerance of programmatic and operational fraud and abuse. Efforts are being made to deter fraudulent activities and bring to justice those who practice them.

To meet this goal, SSA depends on field office staff to detect potential violations, assist in developing evidence to establish that a violation may have occurred, and reporting suspected violators. OIG Management Advisory Report, *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), May 28, 1999, found some field offices' personnel were extremely alert to fraud.

Federal Personnel and Payroll System Internal Controls

Issue Team: General Management

Planned Start: Committed FY 2000

Objective: To determine whether the new Federal Personnel and Payroll System (FPPS) has adequate internal controls.

Background: As of March 30, 1998, the Department of Interior Administrative Service Center became SSA's personnel and payroll services provider, replacing the Department of Health and Human Services' personnel and payroll system. FPPS is an integrated data base, that is, a single source for all personnel and payroll data. It provides for real-time, on-line editing and updating of data. It has extensive query capabilities, giving managers and personnel specialists the ability to produce and save simple or complex personnel reports. The system is used in the Government for processing of all personnel and payroll data actions. The system operates on an International Business Machine mainframe computer in a data base environment in which data are updated immediately. FPPS contains security controls that allow users to access only the data within their area of responsibility. We will focus on reviewing the adequacy and accuracy of SSA's procedures for entering personnel and payroll actions into the FPPS system.



Tab G
***Government Performance
and Results Act***

Performance Measure Review: Conducting Continuing Disability Reviews

Issue Team: GPRA—Disability

Planned Start: Committed FY 2000

Objective: To assess the reliability of SSA's performance measure data for conducting continuing disability reviews (CDR).

Background: The Government Performance and Results Act requires that Federal agencies: (1) develop strategic plans that include a mission statement and strategic goals and objectives; (2) develop annual performance plans that include objective, quantifiable, and measurable performance indicators and goals; and (3) prepare reports for Congress and the President that compare actual performance to the goals established in the annual performance plans.

The periodic CDR determines whether a disabled beneficiary is still medically eligible to receive benefits. Recently, Congress mandated that specific CDRs be performed in addition to SSA's ongoing periodic CDR workload. As part of its implementation of GPRA, SSA established the number of CDRs to be performed in a Fiscal Year (FY) as a performance measure. For FYs 1997 and 1998, SSA reported that 690,478 and 1,391,889 CDRs were conducted, respectively. For FY 1999, SSA set a goal of 1,637,000 CDRs to be performed.

Performance Measure Review: Conducting Welfare Reform Childhood Reviews

Issue Team: GPRA—Disability

Planned Start: Committed FY 2000

Objective: To assess the reliability of SSA's performance measure data for conducting Welfare Reform childhood reviews.

Background: In August 1996, Congress passed the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (Public Law 104-193), also called the Welfare Reform Act. This Act mandated that medical redeterminations be performed for children with a disability based on individual functional assessments or maladaptive behavior. SSA originally determined that, of the 1 million disabled children in the Supplemental Security Income program, approximately 288,000 children with a disability based on an individualized functional assessment and/or maladaptive behavior needed a redetermination under the Welfare Reform Act. Under this law, individuals under age 18 are considered disabled if their impairment meets the statutory duration requirement and if they have a medically determinable physical or mental impairment that results in marked and severe functional limitations. This marked and severe functional limitations standard replaced the former comparable severity standard for childhood disability. The Act also eliminated the use of individualized functional assessments for children and eliminated reference to maladaptive behavior in the prior personal/behavioral domain in specified listings.

As part of the Porter Commitments, SSA selected certain performance measures and corresponding levels of performance. One of the measures established related to childhood reviews processed as part of Welfare Reform. During Fiscal Years 1997 and 1998, SSA performed about 260,000 childhood reviews. This review will evaluate the processes and systems used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Disability Claims Processing

Issue Team: GPRA - Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure disability claims processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established as one of its performance measures the timely processing of disability claims. This indicator includes both Supplemental Security Income (SSI) Disability and Disability Insurance (DI) claims. SSA has created other performance indicators to measure SSI Disability claims and DI claims separately. Different methods will be used to measure each process so different audits will assess the reliability of the data used for those indicators. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Disability Insurance (DI) Claims Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Disability Insurance (DI) claims processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established, as one of its performance measures, the timely processing of DI claims. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure 800-Number Access

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure access to SSA's 800-number.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its Fiscal Year 2000 Annual Performance Plan. It has established performance measures related to access to its toll-free telephone number. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Personal Earnings and Benefit Estimate Statement Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Personal Earnings and Benefit Estimate Statement (PEBES) processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established as one of its performance measures the processing of PEBES. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Representative Payee Actions

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure representative payee actions.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established as one of its performance measures the number of representative payee actions processed. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance

Performance Measure Review: Reliability of the Data Used to Measure Retirement and Survivors Insurance Claims Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Retirement and Survivors (RSI) claims processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established performance measures related to the timely processing of RSI claims. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Social Security Number Request Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Social Security number (SSN) request processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established performance measures related to SSN request processing. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Supplemental Security Income Aged Claims Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Supplemental Security Income (SSI) aged claims processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established performance measures related to the timely processing of SSI aged claims. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure Supplemental Security Income Disability Claims Processing

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure Supplemental Security Income (SSI) disability claims processing.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its Fiscal Year 2000 Annual Performance Plan. It has established as one of its performance measures the timely processing of SSI disability claims. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure the Office of Hearings and Appeals' Performance

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure the Office of Hearings and Appeals' (OHA) performance.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its Fiscal Year 2000 Annual Performance Plan. It has established performance measures related to OHA's performance. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure the Posting of Earning Items

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine the reliability of the data used to measure the posting of earnings items.

Background: The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.

SSA has developed numerous performance indicators and goals in its FY 2000 Annual Performance Plan. It has established performance measures related to the posting of earning items. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.

Performance Measure Review: Reliability of the Data Used to Measure the Supplemental Security Income Non-Medical Redetermination Process

<i>Issue Team:</i>	GPRA—Performance Monitoring
<i>Planned Start:</i>	Committed FY 2000
<i>Objective:</i>	To determine the reliability of the data used to measure the Supplemental Security Income (SSI) non-medical redetermination process.
<i>Background:</i>	<p>The Government Performance and Results Act requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. Agencies need to have data that provide a reasonable assessment of performance so they can report to Congress and the public on progress in achieving their goals.</p> <p>SSA has developed numerous performance indicators and goals in its Fiscal Year 2000 Annual Performance Plan. It has established as one of its performance measures the number of SSI nondisability redeterminations completed. This review will evaluate the processes and systems being used to measure progress in this area to ensure that they provide a reliable assessment of performance.</p>

Performance Measure Review: Review of SSA's Fiscal Year 2001 Annual Performance Plan

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine whether SSA's FY 2001 Annual Performance Plan (APP) adheres to the criteria established in the Government Performance and Results Act (GPRA) and other guidance documents.

Background: GPRA requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. The goals and indicators are contained in the APPs.

GPRA describes the elements that need to be included in each APP. The Office of Management and Budget (OMB) has also released guidance on the format of APPs. This review will determine whether SSA adhered to the criteria related to APPs contained in the law and OMB guidance.

Performance Measure Review: Review of the SSA's Fiscal Year 1999 Annual Performance Report

Issue Team: GPRA—Performance Monitoring

Planned Start: Committed FY 2000

Objective: To determine whether SSA's Fiscal Year (FY) 1999 Annual Performance Report (APR) adheres to the criteria established in the Government Performance and Results Act (GPRA) and other guidance documents.

Background: GPRA requires that all Federal agencies create performance indicators and goals and monitor and report on their success in reaching these goals. The APR is the document that will be used to report on SSA's progress in reaching its goals.

GPRA describes the elements that need to be included in each annual performance report. The Office of Management and Budget (OMB) will also release guidance on the format of APRs. This review will determine if SSA adhered to the criteria related to APRs contained in the law and OMB guidance.



Tab H
Office of Hearings and Appeals

Adequacy of Controls to Effectuate Decisions Rendered by Administrative Law Judges

Issue Team: Office of Hearings and Appeals

Planned Start: Committed FY 2000

Objective: To determine whether controls over award or denial decisions are adequate to ensure accurate posting to a claimant's record.

Background: Administrative Law Judges (ALJ) review cases appealed after the Disability Determination Services reconsideration level. The ALJs perfect the evidentiary record; conduct a face-to-face, nonadversarial hearing with the claimant; and render a decision to either deny or award benefits. Hearing Offices (HO) send the written decisions to a field office (FO) for title XVI cases or to a program service center (PSC) for title II cases. FO or PSC staff then enter the HO decision in the appropriate system to effectuate payment.

The system may be vulnerable to abuse if the written decision is the only mechanism used to trigger a payment or denial action. For example, an erroneous decision could go undetected if there is no automated system to reconcile effectuated decisions with HO information.

Controls Over Interpreter Services

Issue Team: Office of Hearings and Appeals

Planned Start: Committed FY 2000

Objective: Review the adequacy of controls for services provided by interpreters during the hearings process.

Background: Non-English speaking claimants have the right to interpreters to assist them during the hearings process. SSA provides interpreters from its staff, if available, or selects interpreters from a roster of non-SSA employees. A claimant has the option to bring an interpreter to assist in the claims process.

The Office of the Inspector General's Office of Investigations has identified several types of disability fraud involving interpreters. SSA has implemented procedures to help detect and deter fraudulent activity of interpreters. This review will focus on the most significant controls of this activity. The Office of Hearings and Appeals' budget for interpreter services is \$2.4 million dollars.

We will review selected controls to determine whether they are effective and also determine whether funds were appropriately spent.

Controls Over Office of Hearings and Appeals' Time and Attendance Recording and Reporting

Issue Team: Office of Hearings and Appeals

Planned Start: Committed FY 2000

Objective: To determine whether the Office of Hearings and Appeals' (OHA) controls over its time and attendance and payroll records system comply with applicable Federal rules and regulations.

Background: OHA has a field structure of approximately 1,500 Administrative Law Judges (ALJ) and 5,600 support staff in 140 hearing offices and 10 regional offices. In addition, another 1,000 individuals are employed in OHA headquarters in Falls Church, Virginia. In Fiscal Year 1998, OHA costs in salaries and benefits were about \$517 million.

To determine whether OHA maintains adequate time and attendance procedures to account for the activities of the approximately 7,700 ALJs and staff, we expect to look at internal controls related to: (1) authorizing work hours and leave, including overtime; (2) segregation of duties; (3) designing and using records to account for transactions and events; (4) safeguarding time and attendance records; and (5) independent checks to monitor time and attendance performance. A similar audit in 1994 found that OHA employees, particularly those located in remote sites, needed additional training on time and attendance procedures.

Both Congress and the Office of the Inspector General have expressed concern regarding time and attendance at OHA.

Medical Expert and Vocational Expert Fees for Services

Issue Team: Office of Hearings and Appeals

Planned Start: Committed FY 2000

Objective: To determine the appropriateness of payments for services rendered by medical and vocational experts.

Background: Administrative Law Judges (ALJ) can seek the advice of medical experts (ME) when a case file contains conflicting or confusing medical evidence or when there is a need to better understand or document the case. An ALJ may obtain a vocational expert's (VE) opinion to determine whether the claimant's impairment prevents performance of past relevant work or any other work. MEs and VEs are paid for services in accordance with a published schedule.

Overall policy and procedures for the use of MEs and VEs are established by the Office of Hearings and Appeals' (OHA) Immediate Office of the Chief ALJ. OHA's 10 regional offices recruit and maintain rosters of MEs and VEs, prepare purchase documents and perform oversight. Hearing office staff arrange for ME/VE's services and prepare vouchers for payment.



Tab I
Performance Monitoring

SSA's Organizational Capacity to Monitor and Plan Customer Service Initiatives

Issue Team: Performance Monitoring

Planned Start: Committed FY 2000

Objective: To assess the efficiency and effectiveness of programs created to improve customer service at SSA.

Background: Senator Charles E. Grassley, in response to an Office of the Inspector General (OIG) report on SSA's ability to monitor its customer service, *Cataloging Social Security's Customer Service Monitoring*, A-02-96-02202, September 24, 1997, has asked the Inspector General to assess the efficiency and the effectiveness of programs that deal with the issue of quality customer service. He stated that he realizes that SSA has made many changes in this area, particularly with the introduction of the Market Measurement Program (MMP). MMP, which was implemented in February 1998, was created to help coordinate all of the customer service initiatives within SSA. It was created partly as a result of the OIG report cited above. The Senator is concerned that SSA's customer service monitoring efforts may lack proper organization and coordination.



Tab J

Retirement and Survivors Insurance

Effectiveness of SSA's Eligibility Verification of SSI Recipients

Issue Team: Retirement and Survivors Insurance

Planned Start: Committed FY 2000

Objective: To evaluate the effectiveness of SSA's eligibility verification system to identify "high-risk" Supplemental Security Income (SSI) recipients involved in program fraud.

Background: The redetermination process is intended to ensure that SSI recipients continue to be eligible for payments. During the redetermination process, eligibility factors of income, resources, and living arrangements are examined. The Office of Quality Assurance and Performance Assessment developed an eligibility verification system to identify SSI recipients who may be at risk for payment errors. Cases selected by the eligibility verification system are forwarded to SSA field offices for a personal contact redetermination. The residency project conducted by the New York Regional Anti-Fraud Committee found there is a significant risk of fraud in the SSI program. In addition, it raises questions about the validity and effectiveness of the current eligibility verification system.

Payments to Spouses After the Death of a Retired Wage Earner

Issue Team: Retirement and Survivors Insurance

Planned Start: Committed FY 2000

Objective: To determine whether SSA has implemented procedures to ensure that spouses receive the highest benefit due after the death of a retired worker.

Background: A spouse of a retired worker is eligible for reduced benefits at age 62. Upon the death of the retired worker, the surviving spouse is entitled to receive higher benefits as a widow/widower. Generally, benefits for widows/widowers are about twice as much as those for spouses. Most surviving spouses are automatically converted from spouses to widows/widowers upon death of the retired worker. However, in some instances, SSA's automated systems are unable to initiate the conversion. SSA's recently identified a number of beneficiaries who had been receiving benefits as spouses but were entitled to higher benefits as widows/widowers. Many of these beneficiaries received large underpayments, some of which went undetected for over 20 years.



Tab K

***SSA Operations - Service Delivery,
Teleservice Centers,
Program Service Centers***

Effect of Missing Title II Case Files on the Efficiency of SSA Operations

<i>Issue Team:</i>	SSA Operations (Service Delivery)
<i>Planned Start:</i>	Committed FY 2000
<i>Objective:</i>	To determine the cause of missing title II case files and its effect on SSA's operations.
<i>Background:</i>	<p>The Rolling Heights Megasite maintains all title II disability records for those individuals under 55 years old. Field offices, program service centers (PSC), and Disability Determination Service (DDS) offices routinely request case files from the Megasite to facilitate post-entitlement and continuing disability actions. Recently, the Megasite's ability to provide the needed title II disability files has been criticized by DDS customers. In two separate regions, DDSs have indicated that the unavailability of case records was seriously hampering efforts to conduct CDRs.</p> <p>We plan to review customer requests for title II files and assess the Megasite's ability to fill those requests.</p>

Effects of Spikes on Program Service Center Production

Issue Team: SSA Operations (Service Delivery)

Planned Start: Committed FY 2000

Objective: To determine whether the use of spikes negatively impacts the efficiency and effectiveness of the Program Service Centers (PSC).

Background: The advent of the teleservice centers (TSC) and the marketing of the 800-number has challenged SSA to look for ways to staff the TSCs during peak calling periods. One of the solutions has been to train PSC employees to perform as Telephone Service Representatives (TSR). Known as “spikes,” these dual trained employees still perform their regular duties at the PSCs.

During peak telephone periods, the spikes are deployed to answer telephone inquiries. When answering calls on the 800-number system, spikes cannot be required to work on their regular workload when there is down time between 800-number calls. Therefore, if the number of calls is less than expected, spikes may spend a considerable amount of unproductive time away from their PSC duties thereby causing backlogs in their regular title II workload. These backlogs can create unnecessary overpayment and underpayment situations and increase the need for overtime hours to address the backlogs.



Tab L
Supplemental Security Income
(Nondisability)

Process for Deeming of Income When Determining Initial Eligibility for Supplemental Security Income (SSI) Recipients

<i>Issue Team:</i>	Supplemental Security Income (Nondisability)
<i>Planned Start:</i>	Committed FY 2000
<i>Objective:</i>	To evaluate the adequacy of SSA's process for deeming of income to establish initial Supplemental Security Income (SSI) eligibility and determine whether existing procedures adequately prevent overpayments due to unstated deemed income.
<i>Background:</i>	Income is anything a person receives in cash or in-kind that s/he can use to meet his/her needs for food, clothing and shelter. Deeming of income is the process of considering part of another person's income to be the SSI-eligible person's own unearned income.

Review of Controls Over Processing Income Alerts Impacting Supplemental Security Income Payments

<i>Issue Team:</i>	Supplemental Security Income (Nondisability)
<i>Planned Start:</i>	Committed FY 2000
<i>Objective:</i>	To evaluate the timeliness and effectiveness of SSA procedures for processing income alerts that impact Supplemental Security Income (SSI) payments.
<i>Background:</i>	<p>To determine whether an SSI applicant is financially eligible, SSA performs an initial determination at the time of application and conducts periodic reviews to determine whether the recipient remains eligible. SSI recipients are required to report significant events that may affect their financial eligibility for benefits, including changes in income, resources, marital status, or living arrangements, such as incarceration or residence in a nursing home. To verify that the information is correct, SSA generally relies on matching data from other Federal and State agencies. When SSA finds discrepancies between income and assets claimed by a recipient and the data from other agencies, notices are sent to SSA field offices (FO) to investigate further. Such notices are known as alerts.</p> <p>Alerts may be either uncontrolled or controlled. Controlled alerts are maintained within the SSA computer system and reappear each month until they are resolved by the FO. An uncontrolled alert simply appears once and does not reappear on the SSA computer system whether or not the FO works the alert.</p> <p>Alerts are classified by their priority. Alerts that are "Limited Issues" must be worked within 6 months. Other alerts are expected to be worked within 1 year. The "Limited Issues" are designated for earlier resolution because these have a greater likelihood of impacting SSI payments.</p>



Tab M
Systems Application Controls

Review of the Clinger-Cohen Act for SSA's Compliance

Issue Team: Systems Application Controls

Planned Start: Committed FY 2000

Objective: To evaluate SSA's Information Technology Systems (ITS) capital planning and investment control process for compliance with the Clinger-Cohen Act.

Background: Congress passed the Clinger-Cohen Act in 1996. The intent of the Act was to make agency heads more accountable for their capital planning and ITS investments. Specifically, the Act requires that savings be identified and measured against the cost of the ITS initiative. The General Accounting Office (GAO) issued guidance in February 1997 for evaluating Federal agencies' ITS investment decision-making. This guidance has been endorsed by the Federal Chief Information Officer Counsel as "best practices" for implementing Clinger-Cohen. The GAO guidance outlines a three-phase process for capital planning and ITS investments. The three phases are: Select, Control, and Evaluate. The goal of the Selection phase is to assess and prioritize current and proposed ITS initiatives and create an optimal portfolio of ITS initiatives. In the Control phase, after an initiative has been added to a portfolio, the initiative owners periodically assess the initiative's progress against projected cost, schedule milestones, and expected mission benefits and decide whether to continue, modify, or cancel the initiative. The Evaluate phase provides a mechanism for constantly improving the organizations ITS investment process. The goal of this phase is to compare actual data with projected data, including life-cycle costs and life-cycle returns.



Tab N
Systems General Controls

Administration of TOP SECRET at the National Computer Center

Issue Team: Systems General Controls

Planned Start: Committed FY 2000

Objective: To evaluate the efficiency and effectiveness of SSA's TOP SECRET access security application to mitigate threats to SSA systems posed by unauthorized accesses.

Background: Risk of compromising the confidentiality, integrity, and availability of sensitive information in a distributed processing environment is high. Inadequate access controls diminish the reliability of computerized data and increase the risk of destruction or inappropriate disclosure of data. To maintain an effective defense against external intruders, SSA should implement cost-effective access security controls within its nationwide network architecture. The existing TOP SECRET system access security application should be efficient and effective to meet system protection requirements, and must be properly configured to enable optimal protection. Strong controls over issuance of authorized user and administration accounts, assignment of access levels, as well as monitoring of security audit logs for fraud and misuse, must be in place and functioning.

Controls to Prevent and Detect Direct Deposit Fraud

Issue Team: Systems General Controls

Planned Start: Committed FY 2000

Objective: To assess the effectiveness of SSA's controls over the prevention and detection of direct deposit fraud.

Background: SSA has key performance initiatives to expand the types and increase the timeliness of services provided to customers using the telephone and other electronic means. In implementing these initiatives, SSA is subject to statutory requirements contained in the Privacy Act of 1974, the Computer Security Act of 1987, and the Office of Management and Budget Circular A-130. These criteria require assurance that cost-effective security measures are in place and functioning to protect the confidentiality, integrity, and availability of sensitive information in Federal systems.

SSA offers many services to customers through SSA's 800-number service. In addition, SSA is affiliated with the QuickStart direct deposit enrollment program. This program enables a beneficiary to initiate new direct deposit transactions through a participating financial institution, bypassing direct involvement with SSA staff. Expansion of phone and electronic services to customers improves SSA's responsiveness to customer needs, but it also provides opportunity for imposters to initiate unauthorized transactions to divert beneficiary payments. SSA must be alert to vulnerabilities in this environment and ensure that effective automated and manual controls are in place and functioning to reasonably prevent the opportunity for fraud and detect fraud in a timely manner. Without such controls, beneficiaries who rely on timely receipt of SSA benefits to sustain their daily lives could be in jeopardy.

Effectiveness of the SSA's Computer Security Program

Issue Team: Systems General Controls

Planned Start: Committed FY 2000

Objective: To assess the effectiveness of SSA's computer security program to protect sensitive information in SSA's automated systems. In addition, to assess compliance with Office of Management and Budget (OMB) Circular A-130 and other regulatory requirements and standards for Federal agency computer security programs.

Background: We initiated this audit internally to expand review of this area based on weaknesses identified in prior audit work. In addition, recent congressional interest has made this a high-priority area within the Government. The Computer Security Act of 1987 and the OMB Circular A-130 require a program to be in place and functioning so that the cost-effective confidentiality, integrity, and availability of sensitive information in Federal computer systems is assured. OMB Circular A-130 provides that "[a]gencies shall implement and maintain a program to assure that adequate security is provided for all agency information collected, processed, transmitted, stored, or disseminated in general support systems and major applications." The entity-wide computer security program should provide a framework for managing the risk, developing security policies, assigning responsibilities, training personnel, and monitoring the adequacy of SSA's general computer controls.

Intelligent Workstation/Local Area Network and Telecommunications Security

Issue Team: Systems General Controls

Planned Start: Committed FY 2000

Objective: To review security features implemented to protect the Intelligent Workstations/Local Area Networks (IWS/LAN) hardware that makes up the lower level of SSA's multi-platform, distributed data processing architecture. Also, to evaluate safeguards for the numerous telecommunications links that join these components in SSA's operational components.

Background: Recent congressional interest has made computer security a high-risk area within the Government and SSA. SSA is subject to statutory requirements contained in the Computer Security Act of 1987, Office of Management and Budget (OMB) Circular A-130, and the National Institute of Standards and Technology publications, which require the reasonable assurance of cost-effective confidentiality, integrity, and availability of sensitive information in Federal general support systems and major applications.

A general support system is described in OMB A-130 as an interconnected set of computer hardware, software, data, applications, communications lines, and people that are under the same direct management control but provides common functionality, such as a LAN. A LAN is a system for linking programs, storage, and devices to multiple intelligent workstations IWS over a relatively small geographic area. When an IWS is connected to a LAN, the working environment evolves from an isolated private computing environment into a collaborative group environment. In addition, the LANs may be interconnected through telecommunications lines that enable transmission over great distances. In this open and distributed processing environment, hardware devices and applications connected to the LAN are targets for intentional or accidental loss, disclosure, modification, and destruction. Since SSA collects and maintains some of the largest electronic files of personal data held by the Government, protection of these information assets from cyber attack becomes imperative.

Review of Social Security Administration's Suitability Program for Employees and Contractors

Issue Team: Systems General Controls

Planned Start Committed FY 2000

Objective: To evaluate the ability of SSA's Suitability Program to provide reasonable assurance that it prevents unsuitable employees and contractors from accessing SSA's facilities and sensitive information.

Background: Our audit report, *Review of Physical Security at the Social Security Administration's National Computer Center* (A-13-96-11046), recommended that SSA obtain criminal background checks and suitability reports prior to permitting contract employees to work at its National Computer Center. Our followup to the report revealed the need to expand the issue of background checks to SSA employees and contractors nationwide.

The Computer Security Act of 1987 launched requirements to improve the security and privacy of sensitive information in Federal computer systems. Pursuant to this Act, the Office of Management and Budget issued Circular No. A-130, Appendix III, *Security of Federal Automated Information Resources*, which requires Federal Agencies to ensure adequate security of all information in general support and major application systems. Further, the Privacy Act of 1974 requires each agency maintaining a system of records to have administrative, technical, and physical safeguards to ensure security and confidentiality. Policies and programs related to the suitability of employees and contractors who access SSA's systems or facilities are important in ensuring information security.



Tab O

Payment Accuracy Task Force

Targeted Reviews to Improve RSI and SSI Payment Accuracy

Issue Team: Payment Accuracy

Planned Start: Committed FY 2000

Objective: To improve the accuracy of payments made through SSA's Old-Age Survivors Insurance and Supplemental Security Income programs through use of issue teams.

Background: The Payment Accuracy Task Force Initiative was created to develop agency-wide recommendations to reduce payment errors. An Associate Commissioner-level Steering Committee guides the initiative and is responsible for determining the area to be addressed. The Committee charts an intercomponent issue team for 120 days to develop the agency-wide recommendations. The FY 2000 issue is still to be determined.